

KANSAS RACING AND GAMING COMMISSION

MINUTES – JANUARY 13, 2023

CALL TO ORDER

(A.)

Chairman David Moses called the January 13, 2023, meeting to order at 10:00 a.m. The meeting was held at the Eisenhower State Office Building in Topeka, Kansas. Notice of this meeting was given to the public via the KRGC and Public Square websites. Commissioners Brandon Jones, Larry Turnquist, and Sheryl Spalding were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Sports Wagering and Licensing DJ Lopez, Director of IT&C-s Dennis Bachman, and other staff.

MOTION, APPROVE
AGENDA

(B.)

Commissioner Spalding (Jones) moved to approve the agenda. Motion carried 4-0.

MOTION, APPROVE
December 16, 2022
MEETING MINUTES

(C.)

Chairman Moses noted that the submitted December minutes had inaccurately recorded his comments on having a commission meeting the day following the historical horse racing public meeting in Sedgwick County.

Commissioner Turnquist (Jones) moved to approve the minutes of December 16, 2022 meeting as amended. Motion carried 4-0. [Note: The requested amendment was made by the recording secretary and presented later in the meeting for signing.]

MOTION, APPROVE
CONSENT AGENDA

(D.)

Commissioner Jones (Turnquist) moved to approve the consent agenda (four items). Motion carried 4-0.

LOTTERY GAMING
FACILITY REPORTS/ITEMS;
BOOT HILL CASINO &
RESORT

(E.1.a.)

Diane Giardine, General Manager, reported:

- December 2022 revenue numbers compared to December 2021:
 - Total gaming revenue decrease 2.39%
 - Total slot revenue down 8.54%
 - Table games revenue up 61.99%
 - Patron count was flat year over year
 - Chairman Moses asked for more information on the "Other Number" line item in the unaudited revenue report. Director of Administration, Audit, and Finance, Brandi White clarified that the Lottery will adjust throughout the month for several reasons, some examples being misplay on table games or mispayments, but primarily that number is derived from the lost and found funds. The Lottery will quarterly take the lost and found funds from the casinos and make a lump-sum payment depending on the revenue distribution numbers.
- December 2022 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue \$29,535.00
 - Up 1609.68% from November 2022
 - Handle grew 38% month over month
 - Currently operating a temporary retail sportsbook
 - Planning to have grand opening March 9-12
 - 46% of wagers were on the NFL
 - 18% of wagers were on the NBA
 - 19% of wagers were on College Football
 - Digital Sportsbook Revenue: \$5,686,207.00
 - Up 23.62% from November 2022
- Events and Promotions:
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions
 - Snowball Hot Seats
 - VIP Promotions
 - Promotions for United Wireless Arena Events
 - Free Play Pick 'Em for KU and K-State games
 - Home for the Holidays – December 3rd, 10th, and 17th
 - Charity Match Hot Seats
 - Manheim Steam Roller and Jamie Johnson - December 16
 - Holiday Donation Drive
 - Fort Dodge Hero Tree

- NYE Cash Blowout Money Machine
- Upcoming Entertainment & Events
 - Glenn Miller Orchestra – February 4th
 - Hairball – February 10th
 - For King & Country – April 29th
 - Soccer: Kansas Bandits – December – March
 - Football: Southwest Storm – March – May
- Semi-Annual Responsible Gambling Report
 - 257 active employees as of December 31, 2022
 - 66 hired during the reporting period
 - 63 new hires have taken TIPS testing during the reporting period
 - 29 existing employees have recertified their TIPS testing for another 3-year period
 - 193 active employees completed annual refresher training for TIPS/Responsible Alcohol Service during the 4th Quarter of 2022
 - BHCMC, LLC has four certified TIPS Trainers on property
 - 64 new hires have taken Responsible Gaming during the reporting period
 - 210 active employees completed annual refresher training for Responsible Gaming during the 4th Quarter of 2022
 - BHCR participated in Responsible Gaming Education Month in September 2022
 - 4 VEPs were refused entry to the casino floor
 - 5 VEPs were removed from the casino floor
 - 29 individuals were refused entry because they appeared intoxicated
 - 56 individuals were removed because they appeared intoxicated
 - 251 minors were refused entry to the casino floor
 - 2 minors were removed from the casino floor
 - 263 individuals were denied entry for not having an ID
 - 268 individuals were denied entry for having an invalid ID
- COVID-19
 - 3 positive cases in December

LOTTERY GAMING
FACILITY REPORTS/ITEMS;
KANSAS STAR

(E.2.a.)

Doug Lang, Vice President and General Manager, reported:

- General Manager Lang began his report with an announcement from FanDuel regarding the tragedy that occurred on 1/9/23. He explained that when the game was suspended, FanDuel also suspended betting on the game. The NFL confirmed that the game was suspended and would not restart until 1:00pm the following day. Later, the NFL confirmed that the game was suspended and would not restart within week 17. At that point, FanDuel voided all open wagers on the game. Any wagers that were settled prior to the game's suspension were honored.
 - Commissioner Turnquist asked if there were any issues at the retail location during this time. General Manager Lang explained that there were not any issues at the casino
 - Chairman Moses asked if the way FanDuel handled this tragedy is the standard for the industry. General Manager Lang said that FanDuel's response was the same in each jurisdiction they operate in, but he could not speak towards whether other platforms took the same action. Chairman Moses asked General Manager Diane Giardine if her vendor responded similarly. She responded saying that they had the exact same response.
- Admissions up 0.5% compared to December 2021
- December 2022 revenue numbers compared to December 2021:
 - Total gross gaming revenue down 4.5%
 - Slot coin-in down 6.7%
 - Slot hold down 0.16 pts
 - Table games drop up 9.6%
 - Table games hold down 1.4 pts
- January 2023 Sports Wagering
 - For the first 12 days of the month, \$19 million in digital sportsbook revenue. Over \$450 in handle with a 15% margin, which is outpacing December at the same time last year. With NFL playoffs coming soon, it is anticipated this will continue.
- Past Events and Promotions:
 - Farm Expo Trade Show – December 1-3, 2022
- Upcoming Events and Promotions:
 - Wichita Flea Market – January 14-15, 2023
 - Kansas Groundwater Convention – January 18-19, 2023

- Asian Variety Show – January 21, 2023
- Semi-Annual Responsible Gambling Report
 - During the second half of 2022, Kansas Star Casino processed 118 new team members through new hire orientation.
 - In addition to the training given in new hire orientation, all Kansas Star Casino team members undergo annual refresher training in Responsible Gaming.
 - All Front of House Food and Beverage managers and team members that participate in the serving of alcoholic beverages, all Security Staff, all Valet Staff, Slot Floor persons and above, Table Games Dealers and above, Surveillance Staff, and all Directors are subject to a more intensive alcohol awareness training program called, ServSafe.
 - In the second half of 2022, 73 team members took the ServSafe training, and 2 team members failed, and 2 team members will be required to re-take the training until they received a passing score.
 - The Kansas Star Casino has 1 certified ServSafe Trainer and 3 Responsible Gaming Trainers on property.
 - As of December 31, 2022, Kansas Star Casino had 631 active team members.
 - Underage individuals denied gaming floor access: 119
 - People denied access for not having ID: 452
 - People denied for invalid ID: 262
 - Intoxicated individuals denied gaming floor access: 69
 - VEPs denied access to the gaming floor: 2
 - There were 143 intoxicated individuals ejected from the casino,
 - 5 VEPs were removed and turned over to the KRGK and the Mulvane Police Department
 - 2 underage persons were caught and ejected from the casino
 - 74 persons were removed and 14 excluded from the casino for a variety of other reasons.
 - During the second half of 2022, there were 616,027 guests who entered the casino floor. Security team members checked 72,192 IDs. In addition, 70 ID checks took place on the gaming floor in situations involving suspected minors.

- COVID-19
 - 16 positive Covid cases in December.

LOTTERY GAMING
FACILITY REPORTS/ITEMS;
HOLLYWOOD CASINO AT
KANSAS SPEEDWAY

(E.3.a.)

Lydia Garvey, Vice President & General Manager, reported:

- General Manager Garvey begins her report by handing out updated revenue reports that were not ready in time to be submitted for inclusion in the agenda.
- Admissions were up 9.1% compared to December 2021
- December 2022 revenue numbers compared to December 2021:
 - Total gross gaming revenue up 3%
 - Slot revenue down 3.1%
 - Coin in up 2.1%
 - Table games revenue up 36.5%
 - Table Drop up 33%
- December 2022 Sports Wagering revenue numbers
 - Sportsbook Revenue was \$389,000 down \$409,000 or 51% compared to November.
 - Sports Book Highlights
 - Top 4 Events in December
 1. Rams vs Seahawks
 2. Ohio Bobcats vs Toledo Rockets
 3. Buccaneers vs Saints
 4. K-State vs Alabama
 - Chiefs were the favorite for online wagers. As of December, the most money is wagered on the Chiefs to win the Super Bowl.
 - The event with the most amount wagered was Georgia Bulldogs vs Ohio State
 - The event with the most number of wagers was Chiefs vs Broncos
 - Chiefs, Jayhawks, and Wildcats are the most bet teams
 - Barstool Sportsbook handled the 1/9/23 game suspension similarly to FanDuel. Of the funds being returned to patrons, 80% has been claimed.
 - Chairman Moses asked what happens to any funds that are not reclaimed. General Manager Garvey explains that after a year the funds will go through the same procedure as unclaimed winnings.

Chairman Moses asked if the state receives the funds in their entirety or a percentage. Director of Administration, Audit, and Finance Brandi White explained that it depends how it transpires. Unclaimed jackpots will go to the State Treasurer's office as unclaimed property. If it is lost and found money, it is distributed by state statute.

- Chairman Moses asked if the unaudited revenue reports are impacted by the updated numbers provided by General Manager Garvey. Director White explains that based on the figures General Manager Garvey had previously reported, she's confident that the unaudited report will not be impacted, and the \$300,000 difference is likely due to the inclusion of sports gaming revenue. Chairman Moses said that we will double-check that the new numbers presented match what is reported to the State Lottery.
- Commissioner Spalding asked what impact sports wagering has had on other casino style gaming. General Manager Garvey explained that sports wagering is a boon to the other gaming option provided. It has also increased food and beverage revenue.
- Recent/Upcoming Events and Promotions:
 - December 17 – 10 Year Anniversary \$200K Final Drawing
 - December 30 – Jackpot Party
 - December 31 – NYE Pull Tabs
 - December 31 - \$23K later in the evening
 - January 13 – Die of a Kind
 - January 14 - \$180K Free Play for a Year
 - January 28 - \$25K Blizzards of Cash
- Semi-Annual Responsible Gambling Report
 - At the end of the reporting period, Hollywood Casino has a total of 433 employees. During the reporting period, 80 employees were hired.
 - Of those new hires, 34 were hired into positions which require additional training to understand the proper procedures for responsible alcohol service. All of those employees successfully completed the TiPS training. In

addition, there were 16 existing employees who successfully completed refresher TiPS training.

- 54 minors were refused entry to the casino
- 2 minors gained access to the casino
- 175 individuals were refused entry because of appearing intoxicated
- 13 VEPs gained access to the casino
- Commissioner Spalding asked what the facility does after someone they suspect is intoxicated is removed or refused entry to the casino. General Manager Garvey explained that many times the person has someone who can drive for them. In the instance that someone they suspect is intoxicated tries to drive away from the property, casino staff contact local law enforcement to inform them of their suspicions.
- COVID-19
 - 6 cases in December and 3 so far in January.

LOTTERY GAMING
FACILITY REPORTS/ITEMS;
KANSAS CROSSING
CASINO

(E.4.a.)

Jeff McKain, General Manager, reported:

- Admissions down 1.0% compared to December 2021
- December 2022 revenue numbers compared to December 2021:
 - Coin in down 2.8%
 - Table games drop up 28.7%
 - Net gaming revenue up 0.04%
- Events and Promotions:
- December
 - Kiosk games every Monday
 - Kiosk games every Tuesday
 - Camp 49 Hot promotional specials on Wednesday
 - Casino Hot Seats every Thursday
 - Christmas Cash Climb promotion on Fridays
 - Cash is King month end promotion on Friday the 30th
 - Lita Ford concert Saturday 12th
 - Casino gift day every Saturday
 - NYE VIP dinner and Members Only concert
- January
 - Kiosk games every Monday
 - Kiosk games every Tuesday
 - Camp 49 Hot promotional specials on Wednesday

- Casino Hot Seats every Thursday
 - Card Shark promotions Friday 6th, 13th, and 20th
 - Cash is King month end promotion on Saturday the 28th
 - Casino gift day every Saturday
 - Corral concerts include Jackson Dean on Friday the 6th and Arch Allies on the 14th
- Sports Wagering
 - Points Bet, BetMGM, and Caesars are the mobile sports gaming platforms partners.
 - BetMGM
 - Handle is up 0.5%
 - NFL handle increased 9%
 - Highest handle single game was Kansas City vs. Cincinnati
 - Kansas sports teams consisted of 5% of total handle in December
 - Caesars
 - Handle decreased 2%
 - Overall bet also decreased 12%
 - Chiefs generated 94% more handle than any other NFL team.
 - The retail location has received its sports wagering kiosks and plans to go live on the 17th.
 - PointsBet
 - Handle grew \$300,000
 - Unique bettors up 10%
 - Chairman Moses asked if the facility managers would be able to provide the sports wagering figures in their written reports as well as oral reports or if that would be too difficult. Executive Director Brownlee said that the managers would have to speak to whether it is too difficult. General Manager McKain responded saying that he can do whatever is asked by the commission. Chairman Moses said that he would like to see all the facility managers submit reports with sports wagering data shown like what was submitted by Diane Giardine and Lydia Garvey.
- Semi-Annual Responsible Gambling Report
 - 201 active team members as of January 01, 2023
 - 600 team members hired since July 1, 2022

- 1 inactive team member (on leave)
- Out of 131 team members requiring TIPS training:
 - 35 new hires have required certification (hired since 7/1/2022)
 - 26 team members have been re-certified
 - 6 are pending certification (training administered, waiting for results)
 - 3 need TIPS Class
 - 3 team members are certified trainers
- All team members received Responsible Gambling training in 2022
- Kansas Crossing participated in Responsible Gambling Education Month in September 2022. KCC had activities to improve team member knowledge and stress the importance of Responsible Gambling for the casino and the community.
- 71 Minors were refused entry attempting to enter the casino floor
- 1 Minor was ejected from the casino floor
- 25 Patrons seemingly impaired were refused entry to the casino floor
- 29 Patrons seemingly impaired were ejected from the casino floor
- 3 VEPs were removed or excluded from the casino floor
- 68 Invalid IDs were refused entry to the casino floor
- 405 No IDs were refused entry to the casino floor
 - Chairman Moses asked if the casino asks for ID to confirm age or identity. General Manager McKain said that it is typically for age. Chairman Moses asked since he appears older than 21, would he still have to have an ID to purchase a drink at the Kansas Crossing Casino. General Manager McKain said yes, he would still be required to provide valid ID.
- COVID-19
 - Zero cases in December and zero so far in January.

COMMISSION ITEMS –
OLD BUSINESS (F.)

There was no old business.

COMMISSION ITEMS –
NEW BUSINESS;
ELECTION OF VICE CHAIR
AND SECRETARY

(G.)

The Kansas Racing and Gaming Commission is required by state statute K.S.A. 74-8803(i) to annually elect a vice chair and secretary.

Commissioner Kultala was the former vice chair but resigned from the commission in November of 2022. The vice chair position is currently vacant. Commissioner Turnquist is the current secretary. Commissioner Turnquist (Spalding) nominated Commissioner Jones as Vice Chair. The nomination carried unanimously. Commissioner Spalding (Jones) nominated Commissioner Turnquist as Secretary. The nomination carried unanimously.

PUBLIC COMMENTS (H.)

There were no public comments.

STAFF REPORTS

(I.1. and I.2.)

Garrett Rogers, Paralegal, reported on the Voluntary Exclusion Program statistics for the month of December 2022 and presented the Quarterly Illegal Gambling Report.

Executive Director Brownlee reported:

- Congratulated Commissioners Jones & Turnquist for being elected to their positions.
- The Secretary of Administration resigned and the new Secretary, Adam Proffitt, has been appointed by Governor Kelly.
- The governor's budget recommendations came out yesterday. She is recommending a 5% pay increase for all state employees. KRGC asked for funding for historical horse racing, but due to the unknown status of start up the request was not included. Her budget will include language that will allow KRGC to charge startup costs to affected historical horse racing entities. The governor is recommending the balance of KRGC's budget request.
- The proposed historical horse racing regulations were sent to industry interested parties for review. Those are due back by January 30th. KRGC also sent out application packages to parties interested in an organizational license. Those are due back by February 28th.
- Director of Administration, Audit, and Finance Brandi White put together a request for proposal to bid on a consultant to review the

historical horse racing applications when they come into the KRGC so that the commissioners can receive a report on each applicant and their possible impact.

- Director of Licensing and Sports Wagering DJ Lopez has contacted the Attorney General's office to confirm that their staff are reviewing KRGC's sports wagering regulations. Having confirmed that, Director Lopez shared KRGC's additional sports wagering regulations for the next round of reviews.
- KRGC continues to replace enforcement agents in the field offices. An agent will be added to the Topeka backgrounding unit to assist with the extra backgrounds resulting from sports wagering. The attorney position is still advertised and has not had any progress yet. As a reminder, KRGC's reorganization puts sports wagering operations under Director Lopez and historical horse racing operations under Director Bailey. Currently we are in the licensing process for historical horse racing, DJ Lopez is the lead on this as he is the Licensing Director.
- The next meeting is scheduled for February 17th, 2023 in Topeka, Ks.
- Commissioner Turnquist asked if there will be someone to provide governmental affairs updates for the commission during this legislative session. Director Brownlee said there will be, however it is still being worked on.
- Chairman Moses said that he remembers that sports wagering revenue data had been included in the documents prepared by staff. This month those numbers are not shown, why? Director White responded that the sports wagering data that was included last month was prepared by the State Lottery and that Director Lopez may be able to better explain why they are not in this month's materials. Director Lopez confirmed that inclusion of the sports wagering data is contingent upon the Kansas Lottery Commission meeting before the KRGC.

MOTION, EXECUTIVE
SESSION; CONFIDENTIAL
BACKGROUND REPORTS

(J.3.)

Commissioner Spalding (Jones) moved that the Commission go into executive session for the purpose of reviewing confidential background reports presented today by the commission's security division. In addition to the commissioners, the confidential background reports portion included the executive director, general counsel, and director of sports wagering and licensing. The total time for the executive session was anticipated to be ten (10) minutes until 11:13 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full

record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 4-0, and the meeting was adjourned to executive session at 11:03 p.m.

RECONVENE

(J.2.)

The commission meeting returned to open session at 11:13 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Spalding present.

MOTION, EXECUTIVE
SESSION; ATTORNEY-
CLIENT PRIVILEGE

(J.3.)

Commissioner Jones (Spalding) moved that the Commission go into executive session for the purpose of consulting with the agency's attorney on attorney-client privileged communications. In addition to the commissioners, the attorney-client privileged communications will include the executive director and general counsel. After discussion, the total time for the executive session was anticipated to be twenty (20) minutes until 11:35 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 4-0, and the meeting was adjourned to executive session at 11:15 a.m.

RECONVENE

(J.4.)

The commission meeting returned to open session at 11:35 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Spalding present.

MOTIONS ON LICENSE
APPLICATIONS

(K.1.)

Commissioner Turnquist (Spalding) moved to *approve the 132* license applications from the January 13, 2023, list of background reports referred to the commission for action. The motion carried 4-0.

OTHER BUSINESS

There were no other items for discussion or motion.

ADJOURNMENT

(L.)

Chairman Moses stated that the February 17, 2023, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

Commissioner Spalding (Jones) moved to adjourn the meeting. Motion passed 4-0. The meeting was adjourned at 11:38 a.m.

SUBMITTED BY:

A handwritten signature in blue ink, appearing to read "Larry Turnquist", written over a horizontal line.

Larry Turnquist

Secretary

APPROVED BY:

A handwritten signature in blue ink, appearing to read "David Moses", written over a horizontal line.

David Moses

Chairman